

AMENDED IN SENATE MAY 5, 1997
AMENDED IN SENATE MARCH 19, 1997

SENATE BILL

No. 358

Introduced by Senator Rainey

February 13, 1997

An act to amend Section 20575 of the Government Code, relating to public employees.

LEGISLATIVE COUNSEL'S DIGEST

SB 358, as amended, Rainey. Public employee retirement.

The Public Employees' Retirement Law authorizes the Board of Administration of the Public Employees' Retirement System to enter into agreements with terminating agencies respecting benefits and funding.

This bill would require the board to enter such agreements *unless it determines that it is not in the best interests of the system.*

~~The bill would require the board, upon dissolution of a contracting agency, to continue to provide health care coverage in accordance with the agency's health benefits plans for annuitants and retirees who are not provided continued coverage by another contracting agency.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 20575 of the Government Code
2 is amended to read:

3 20575. Notwithstanding any other provision of this
4 part to the contrary, *upon request of a terminating*
5 *agency*, the board shall enter into an agreement with the
6 governing body of a terminating agency that will cease to
7 exist in order to ensure that (a) the final compensation
8 used in the calculation of benefits of its employees shall
9 be calculated in the same manner as the benefits of
10 employees of agencies that are not terminating,
11 regardless of whether they retire directly from
12 employment with the terminating agency or continue in
13 other public service; and (b) related necessary
14 adjustments in the employer's contribution rate are
15 made, from time to time, by the board prior to the date
16 of termination to ensure that benefits are adequately
17 funded or any other actuarially sound payment
18 technique, including a lump-sum payment at
19 termination, is agreed to by the governing body of the
20 terminating agency and the board.

21 ~~Notwithstanding Section 22854, upon dissolution of a~~
22 ~~contracting agency, the board shall continue to provide~~
23 ~~health care coverage in accordance with the agency's~~
24 ~~health benefits plans for annuitants and those employees~~
25 ~~retiring from the contracting agency upon its dissolution,~~
26 ~~who are not provided continued coverage by another~~
27 ~~contracting agency.~~

28 *The terminating agency shall notify the board not*
29 *sooner than three years nor later than one year prior to*
30 *its termination date of its intention to enter into*
31 *agreement pursuant to this section.*

32 *The terminating agency shall designate an agency in*
33 *the agreement to receive any surplus assets remaining*
34 *after payment of all liabilities. The terms of the*
35 *agreement shall be reflected in an amendment to the*
36 *agency's contract with the board.*

1 *If the board, itself, determines that it is not in the best*
2 *interests of the system, it may choose not to enter into an*
3 *agreement pursuant to this section.*

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